

## COMPETENCY MAPPING: AN ESSENTIAL TOOL FOR HR MANAGERS IN BANKING INDUSTRY TO BECOME STRATEGIC PARTNERS (AN INDIAN PERSPECTIVE)

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### ABSTRACT

*The road map for HR becoming more of a strategic partner seems clear both with respect to what it needs to do to be involved in a variety of strategic activities and to become a full strategic partner: HR needs to organize itself so that it has skills and expertise at the corporate level. It needs to have metrics and analytics that measure the impact of human capital practices and programs. In today's business scenario, it is imperative to establish a foundation of well-defined competencies. Every organization needs to align the job description with strategic goals of the organization along with a clearly indicated expectation from the employee over the roles, responsibilities, performance standards and competencies required.*

*As far as Indian banking sector is concerned, we still have scope of putting talent management ahead of economic and operational decisions. Though, we can't underestimate the importance of financial and operational decisions, it is also a need of the time to think about effective leadership and development of talent to deal with the challenges of turbulent market conditions, changed employment relations, managers' decision on premature retirements and issues such as layoff, retrenchments etc. To overcome these challenges, competency mapping model will be helpful in identification of training needs for HR managers to serve as HR strategic partners.*

*This paper is an attempt to develop a competency mapping model for HR managers in Banking Industry for the purpose of leadership development. Rapid and unpredictable technological changes and the increased emphasis on quality of services are compelling banking businesses to recruit adaptable and competent employees. At the top of the competency model are five responsibilities or lenses, through which HR managers can view the model: Strategic Architect, Business Experts, Leadership Champions, Change Agents and HR experts.*

**KEYWORDS:** Competencies, Competency Mapping Model, Hr Managers, Indian Banking Industry

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### INTRODUCTION

Competency mapping can be a very effective tool if used appropriately and definitely relevant to the dynamics of an organization like bank. Competency mapping serves as an effective instrument for focused approach in leadership development, performance management, employee training and development succession planning frameworks; well defined career paths etc. The result of having the right people for the right roles/jobs will be increased efficiency and direct impact in the organizational growth. Competency mapping analyses individual's capabilities and helps organization to set a correct career growth for each employee as an individual, especially at the strategic position.

Competency mapping can be used to identify the gap between actual and expected competencies to perform a job effectively. Cross cultural capabilities are the essential part of organizations' human capital approach. The basic characteristic of competency mapping approach is to align the goals of an organization to the performance effectiveness of each and every organizational member. Competency mapping is not only focusing on making employees job-ready for higher position, but also adding to their holistic development.

## **LITERATURE REVIEW**

### **Competency**

The concept has been coined by McClelland in the early 1970s. Behavioural traits of an individual have been considered as essential for effective performance at the workplace along with qualification and aptitude. (Lucia & Lepsinger, 1999; McClelland, 1973).

Competency can be defined as the ability to execute the knowledge and skills and to apply appropriate behaviour at the work place to excel in the performance criteria as an employee.

These elements can be of the following kinds: psychological/intelligent/reasoning, social/demonstrative/attitudinal, and corporeal/psychomotor qualities required to perform the job (Dubois, 1993; and Lucia & Lepsinger, 1999). Boyatzis (1982) and Fogg (1999) added a perspective by incorporating the environmental factors and restrains in relation to the factors mentioned above. They have also stated that motivation and perception also play an important role in the success of a job. (Boyatzis, 1982; Fulmer & Conger, 2004; Gangani, McLean, & Braden, 2006; and Sandberg, 2000). To summarise this, one can state that competencies are precise individual potentials that are "generally connected to operational and/or exceptional performance" (Boyatzis, 1982, p. 23), and are communal through many surroundings and circumstances and are short lived. (Delamare Le Deist & Winterton, 2005).

### **Definition**

Competency is ability, an individual distinguishing factor or a reason established by numerous behaviours which attribute to exceptional performance in a job. Competency is a set of knowledge, skills and attitudes required to perform a job effectively and efficiently, which results in outstanding performance at work.

### **Competency Mapping**

Competency mapping regulates the degree to which the numerous capabilities related to a job are obsessed by an individual. Therefore, competency mapping is a process an HR expert uses to identify and describe competencies that are most crucial to succeed in a work situation.

Competency Mapping is a course of recognizing key competencies for an organization and disseminating those to departmental and individual level. . Competency mapping is an essential and perfect tool for recognizing the expected job and required behavioural competencies of an individual in an organization.

### **Competency Model**

A Competency Model is a behavioural job description that must be defined by each occupational or functional area and for each job.

A Competency Mapping Model is a valid, observable, and measurable list of the knowledge, skills, and attributes demonstrated through behaviour that results in outstanding performance in a particular work context.

### **Defining Banking Sector**

Indian banking sector stands among the top 10 economies, globally. It has a potential to overgrow the position by encouraging the vast use of ATMs, internet banking and mobile banking services.

The government policies are also supportive in terms of providing license to new banks and RBI providing incentives to the banks which are able to overcome the NPA and bad loans. Indian government is playing importance part in leveraging banking sector growth by the inclusion policies and expansion in rural areas.

Banks are emerging with innovative services such as in September 2013, ICICI bank started using social networking as a medium of banking. ICICI launched Facebook Banking Service Pockets. (<http://www.ibef.org/industry/banking-india.aspx>, April 2014)

### **Current Leadership Scenario and HR Environment in Banking Sector**

In order to respond to the huge requirement for developing leaders for the banking sector, there is need for a serious strategy which can address the problem in totality. The strategy has to be a carefully planned series of learning events, variety of exposures, assessment exercises, mentoring and classroom training. Moreover, leadership training must be buttressed by research and relevant case material. Our current leadership training lacks in these aspects. The current leadership programs, which in some cases also include exposure to training abroad, are at best an effort to guided exposure in the emerging areas of banking and management but these are not adequate for behavioural modification so as to prepare the people to perform strategic role.

Human Resource Management gained utmost importance in the service industry as compared to other industries. The reason being, employee serve as a face of organization in the service industry and are more expensive in terms of compensation they derive. Service industries invest more on the employees because they are the main source of customer satisfaction by providing quality of services.

Banking sector employee deal with customers on direct basis and the complete success of a bank is dependent on the kind of relationship it shares with the customers. Banking industry has to evolve methods of providing better quality services to the customers. And it is only possible with the quality of technology and human capital it possesses. Thus banking sector has to give lot of importance to select, train and develop human intellectual of the organization because unless human

Hereafter it will not be likely for the banks to withstand efficiency without leadership prerequisite and human resource management is given major position since the technology is only an assistance to humanoid energy and not a replacement thereof. If the technology is makes you sustain, then the human intellectual will make you progress. (Mangaleswaran, 2007).

The Human Resources are the most important element for the progress of banking. It's a fact that technology has taken over many of the human efforts, however, human still excel with the capability of intelligence. With the demanding customers and market awareness and hard-headed competition, the role of human capital elevates in the sectors such as CRM, IT, R&D, Risk Management etc. to cope-up with the new technology and speed-up the outcomes. It is rightly said:

“We are trying to apply third generation ideas on second generation organizations which are unfortunately run by first generation managers” (Sangwan, 2005).

Banking sector, being a service industry is largely dependent on the quality of human resource and leadership it possess. Thus it is imperative for the success of banking sector to emphasize on optimum utilization of human capital with accurate selection. (Nanayakkara, 1999)

The fundamental purpose of HRD in the banking industry is to enable improved performance which can be evaluated in terms of financial and operational efficiency as well as the quality of services delivered. Aspects such as skills, attitudes and knowledge of the intellectual capital play an important role in defining the effectiveness banking sector. The excellence of HR specifies the capability of banks to provide worth to customers' expectations.

No organization can imitate human intellectual of other organization as is the case with money and machine that is capital and IT. That's why human factor stands out as compared to the other resources. It is essential for the success of an organization to sync the Business Strategy with that is of the Human Recourse Department. HRM strategies comprise of nurturing change management, organizational commitment, and improved working conditions and supporting team spirit. Human Resource Department achieves these strategies through its functions of recruitment, placement, performance management, are complementary (Kamesam, 2004).

The leadership element amongst the organizations serves as differentiating factor for cut-throat competition. There is a clear demarcation between the correlation of the success of an organization and the abilities of the leader-in-charge. Organizations cannot be ignorant towards the fact of giving due prominence to recognising the human factor and its potential for the critical success of an organization.

### **The Significance of Prominent Leadership and HR Practices in Banking Sector**

Most banks consider 'Leadership' as key to long term success of their organizations. They also consider this as a major area of concern in the current context. Weaknesses in developing leaders lie in the existing processes of appraisal, nebulous training and grooming and skewed exposures. The methodology used by most of the banks in developing senior and top management is through sporadic and adhoc exposure to different kinds of management development programs in India and abroad. Multiple exposures to similar kind of programs do not necessarily add value. There is absence of a well-knit and comprehensive strategy to develop people to take up strategic positions in senior and top management. Further, in most of the banks there is no strategic frame work for identifying and grooming leaders.

Secondly, the success of today's Banking business will sparsely depend on the human resources of the organization at all levels. Organization should have its processes that it empowers and exploits the skills and attitudes of employees in this changing environment. HRD acquires more importance in service organization like Banks where Human Resource plays a crucial role. The creative abilities, capabilities and knowledge of Human Resource are significant of service organization, where the very nature of functioning needs all these qualities of employees.

The HRD has gained significance in banking sector due to the changing business circumstances and increasing competition amongst different players in the market. Banking sector is indulging in innovative practices to combat the competition. Banks are getting into providing a wide range of services to the patrons. This enlargement of jobs needs enhancement of capabilities and potentialities of employees. Banks can create positive self-image amongst the customers and society by providing quality services through improvisation in employee performance. Developmental opportunities

and perceived organizational support will lead to enhanced performance and motivation by the employee for effective performance.

Human resource development in the Banking industry is a process by which the employees of the Bank are helped in a continuous planned way to acquire or sharpen capabilities enquired to perform various functions associated with their present or expected future roles; develop their general capabilities and use those for organizational development; foster a strong work-culture in an organization, which supports cross departmental integration, team-cohesion, supportive leadership, organizational citizenship and self-motivation. HRD is important because it refers to all those educational, training and developmental activities conducted by a business organization to improve human performance. It is a broad term, which includes all activities designed to get employees to work more effectively within a given organization. Thus it is imperative for banking industry to consider the significance the development of HR managers working at strategic level. This can be achieved by defining their roles and the competencies required by them through competency mapping.

## **RESEARCH METHODOLOGY**

### **Objectives of the Present Study**

- To map the competencies for HR Managers in Indian Banking Industry at Strategic Level.
- To identify the necessity of developing a competency mapping model for HR Managers to enhance leadership abilities in banking industry in India.
- To analyse the relationship between competency model and capabilities of HR Managers as strategic partners and leaders in banking sector by comparing the responses of HR Managers and Reporting Heads.

### **Competency Model Framework for Bank Managers**

This study has been conducted in Pune region. The profile of the study was banking sector. In total eight banks took part in the survey study conducted. The sample banks were well-known banks across the region comprising of private and public sector banks. The sample technique used in the research was simple random sampling by listing out all the top level HR managers working in the selected banks. These managers were working at higher level of management with more than 10 years of experience between the age group of 43 to 58. In all, 19 HR managers and 7 reporting heads have participated in the present study.

With regards to the significance of prominent leadership and HR Practices in Banking Sector, it was necessary to understand the required competencies of HR managers from the point of view of management and HR managers. Thus the author, in the present study asked the sample managers to list-down the required competencies to perform the task and asked the reporting heads to rate the importance of the specific job competencies for the HR managers at upper level. The managers are asked to list the required competency to perform diverse HR roles and they were asked to fix the required level of competencies in the specific competency domain. The sample HR managers and reporting heads have brainstormed the required competencies and narrowed down the scope to five essential competencies with the help of Delphi Method. The author has played the role of moderator in the decision making. Thus Competency model is developed with the outcome of leadership development needs.

## Conceptual Framework



**Figure 1: Concept**

**Table 1: Competency Framework**

Role of HR Managers	Competency Model	Desired Outcomes
Strategic Architect	Analytical	Forecasting & Combating Future Challenges
Business Expert	Technical	Developing Efficient Systems
Leadership Champions	Leadership	Developing People for Achieving Results
Change Agents	Interpersonal	Increase in efficiency
HR Experts	Operational	Effective HR Processes

## Reliability of Measures

To verify the reliability of the competency Model Framework, alpha reliability test has been conducted. The alpha reliability coefficients for each of the 5 competencies in the Model Framework ranged from .9081 to .9639. A summary of the reliability of the scales describing each type of competency is shown in Table 1(TI).

**Table 2: Reliability Test of Competency Model Framework by HR Managers**

No.	Role of HR Managers (Competencies)	Alpha Reliability Coefficient
1	Strategic Architect (Analytical)	.9347
2	Business Expert (Technical)	.9545
3	Leadership Champions (Leadership)	.9234
4	Change Agents (Interpersonal)	.9455
5	HR Experts (Operational)	.9427

An interrater reliability (IRR) analysis was done to assess the degree to which the managers and reporting heads responses “agree” to the factors of analysis. A single item within-group IRR for an anchor response (A) of size 5 was performed for each of the five competencies. The results of the IRR analysis indicated extremely high reliability between individual responses. This test indicated just how much influence a single individual’s extremely high or low response can have on the reliability of identified competencies.

Partial correlation analysis has been conducted to assess the relationship between the HR managers’ competencies and the effectiveness of their leadership abilities.

**Table 3: Partial Correlation Analysis Results**

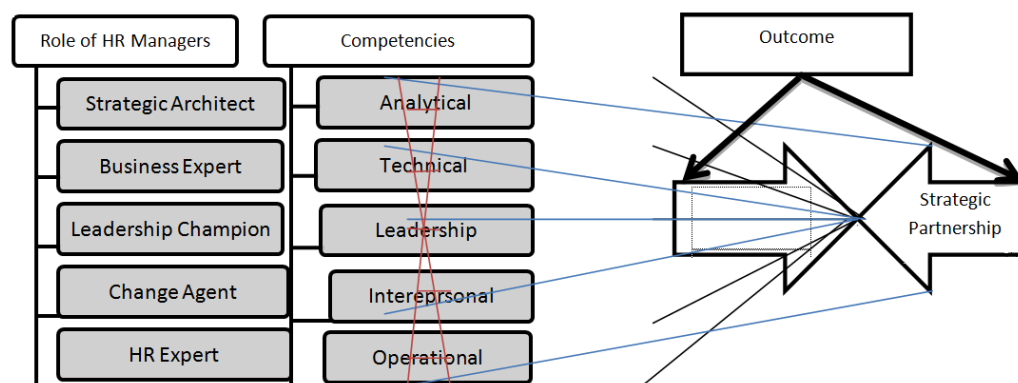
No.	Competency Model	Correlation (HR Managers)	Correlation (Reporting Heads)
1	Strategic Architect (Analytical)	.20	.17
2	Business Expert (Technical)	.16	.09
3	Leadership Champions (Leadership)	.13	.23
4	Change Agents (Interpersonal)	.22	.19
5	HR Experts (Operational)	.09	.11

Correlation is significant at the 0.01 level (two-tailed)

The HR Managers and Reporting Heads results indicated complete agreement with respect to the correlation between competencies and leadership ability. The high degree of similarity between the two factors indicated that this study positively supports the fact that HR managers who exhibit the essential five competencies have high chances of succeeding at leadership positions and can be considered as strategic partner in banking sector.

## DISCUSSIONS

Based on the analysis of data following competency Model has been proposed for HR managers from Banking Sector for performing the job of strategic partners.



**Figure 2**

The proposed Competency Model demonstrates that HR Managers at higher level play five important roles which require varying magnitude and form of different competencies for achieving a particular outcome i.e. developing leadership abilities and performing the role of strategic partner.

As demonstrated in the data analysis, HR Managers and their Reporting Heads have agreed to the crucial role and important functions of HR managers have to perform. To acquire leadership abilities and to play the role of strategic partner, these managers need the below mentioned competencies as confirmed by the result of reliability test and partial correlation.

The HR managers in an organization play the following important roles:

- **Strategic partners:** Strategic partners help the organization translate business strategy into action-points. The responsibility of HR managers here, include building organizational capabilities through performance management programs aligned with organizational goals, vision and mission. HR managers achieve this alignment through the talent management initiatives and by construction of cross-functional competences.
- **Business Experts:** As business experts HR managers understand market and competitors. They help organization in reengineering of obsolete business processes and introduce new techniques and metrics to evaluate employee value proposition and build human capital that can transfer efforts into measureable business outcomes.
- **Leadership Champions:** As leadership champions they develop the workforce through talent management and succession planning. They help employees for actively engaging themselves in the business processes. They also create healthy work culture which fosters mutual prosperity.

- Change Agent: As change agents, HR managers forecast the need for change, analyse the future requirement and facilitate change management by overcoming the resistance to change through manpower planning and execution of other HR functions.
- HR Experts: As HR experts, they expertise in the operational activities pertaining to HR domain such as recruitment & Selection, Performance Management, Employee Separation, Training & Development etc.

To perform these roles, HR managers require the five competencies: Analytical, Technical Leadership, Interpersonal and Operational.

With the help of Competency Mapping Model, organization can analyse the required competencies to perform a particular function effectively. These required or desired or expected competencies can be compared with the current competencies and organizations can understand the training needs with the help of the gap. By bridging the gap between expected and current competencies, organizations can achieve excellence.

## CONCLUSIONS

To conclude, one can see that it is crucial for the existence, sustenance and success of an organisation, the HR managers have to play the role of strategic partners in addition and incongruent with the profile to recruit, train and manage talent on-board. It is imperative for the organizations to have competent HR managers on –roll. The Desired competency of HR managers can be achieved by using the method of competency mapping. Competency Mapping Model helps in identifying and mapping competencies required for successful performance. The basic objective of HR managers' profile is to optimize the utilization of human capital and to integrate the efforts of developing employees towards organizational growth by aligning the developmental strategies with those of organizational strategies. Competency Mapping can be used as a "Tool" to achieve this objective.

Role of HR managers as strategic partners can be defined as a mediator between the expectations of top management (Vision) and execution of the expectations through the employees.

Thus competency mapping model gains importance in Indian banking sector for developing the HR managers. Thus it is derived from the study that competency mapping and models can be used as sustainable tool as a retention, attraction and development of talent within an organization. It is instrumental at fulfilling the present and forthcoming requirements of an organization, as far as trained personnel is concerned.

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